

Michael R. Brown, Chairman
Kevin S. Carter, Director

Agenda for Board of Trustees
School & Institutional Trust Lands Administration
838 Westwood Boulevard, Price, Utah
April 12, 2012

AGENDA

Attending: Board

Mike Brown
Dan Lofgren
James Lekas
Louis Cononelos
David Ure
Mike Mower

Staff

Kevin Carter
Kim Christy
Tom Faddies
LaVonne Garrison
John Andrews
Wendy Peterson
Lisa Schneider
Brian Torgerson
Nannette Johnson

Others in Attendance:

Margaret Bird, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Paula Plant, Utah State Office of Education
Ray Peterson, Emery County Public Lands
Jeff Horrocks, Utah Association of Counties, Emery County
Gene Ciarus, Utah Association of Counties, Grand County
Gregg Johnson, Guest

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1. Approval of Board Minutes

Chairman Brown welcomed those in attendance and excused Board member Steve Ostler who was unable to attend the meeting in person but was available by phone, as needed. The Board identified a correction in the minutes of the Board meeting held March 15, 2012. The minutes were approved, with the correction.

Ure/Cononelos Unanimously approved.

“I move that we approve the Board minutes of March 15, 2012.”

Roll Call:

Mike Brown – yes	Dan Lofgren – yes
James Lekas – yes	Mike Mower – yes
Dave Ure – yes	Louis Cononelos – yes

2. Confirmation of Upcoming Meeting Dates

Director Carter identified two events that conflict with the June and August Board meetings. The June meeting date changed to June 28, 2012, and the August meeting date changed to August 16, 2012.

May 17	Salt Lake City
June 28	Salt Lake City
July	No Meeting
August 16	Salt Lake City

Director Carter asked if the Board members had an interest in attending the WSLCA conference in Eugene, Oregon, on July 8 to 11, 2012. Those interested should contact Nannette for reservation arrangements.

3. Chairman's Report

a. Beneficiary Report: A Lesson from the Past

Margaret Bird began her presentation asking for understanding that she does not intend any criticism.

Ms. Bird presented a land sale from 1995. The property sold later as conservation land. The land, divided into four parcels, later sold for a higher amount. Ms. Bird asked that similar sales consider the conservation value. She addressed the issue using a PowerPoint presentation as follows.

A Story

- What might we learn from the past?
 - On September 25, 1998, two 40-acre parcels near Moab were sold at auction to two men
 - They paid \$76,000 for one and \$70,000 for the other
 - \$146,000 in all or about \$1,825 per acre
 - That was a pretty great price
 - In effect, they got the land for \$55,000 or < \$690 per acre
 - Now who got the deal?
 - On April 9, 1999, more land was sold near Locomotive Rock north of Moab
 - There were two parcels auctioned
 - Parcel one is on the far side of the Colorado River and sold for \$33,000
 - Interestingly, the four successful bidders were the applicants for three out of the top four sealed bids.
 - Was there collusion?

3. Chairman's Report (Cont'd)

a. Beneficiary Report: "A Lesson from the Past" (Cont'd)

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- The remaining 160 acres
 - Was appraised at \$320,000 or \$2,000 per acre
 - Was auctioned as one piece
 - Was purchased by the same four people
 - Three out of four purchasers were also the three top sealed bids and the only ones authorized to go to oral auction.
 - Interestingly, there were no oral bids.
 - Instead of issuing one certificate on 160 acres as that was what was auctioned, four separate certificates were issued, each for 40 acres, and one to each purchaser.
 - Purchasers paid \$90,000 for their 40-acre parcel.
 - After reserving a building lot, three of the purchasers sold a conservation deed on their 40 acres for \$76,500 – effectively paying \$13,500.
 - We say, "Selling school lands puts them on the tax rolls and supports schools." Each parcel pays \$134.81 annually in taxes on 40 acres.
 - Smooth sailing...
 - The owner has been offered \$750,000 for the conservation deed while retaining a building lot.
 - The Board of Trustees was not required to be informed of any of these transactions prior to sale.
 - Is there a market we are not capturing on our unique lands?
 - Should there be a future Board discussion on capturing some of this value for schools?

Dan Lofgren asked Ms. Bird if she felt there was a large conservation market. She indicated it was not likely large, but real. Jim Lekas asked if the bidding could include an invitation to bid for Nature Conservancy. Director Carter reported there have been many changes since these sales. The current practice does include conservation groups and has for several years. Ms. Bird indicated people seem less tied to a specific office location to conduct business. These types of land sales may have increasing potential.

4. Director's Report

a. Draft Policy on Land Block Sales

Director Carter reminded the Board that large blocks are generally a block of land in excess of 5,000 acres. Director Carter wondered if a policy was necessary for a process that occurs so rarely. Mr. Lofgren indicated that through change in Board members, the historical knowledge diminishes. He feels a policy helps direct Board members when historical knowledge is not available.

Director Carter presented the policy conditions for purchase of a large block of land. The policy defines a screening process to filter applications with offers that the Board should not give serious consideration. He mentioned that large block sales would not occur quickly. The process would take more time than other land

4. Director's Report (Cont'd)
a. Draft Policy on Land Block Sales (Cont'd)

sales presented in the consent calendar at Board meetings. The Board will have significantly more time to consider large land block sales.

Board members asked procedural questions regarding approval of a sale. Director Carter clarified that the agency director would only approve a sale accomplished through an auction. A large block will not sell through an auction process. Policy specifies that time will be necessary to consider terms of a sale. The Board would be the approving authority for the sale of large blocks of land, typically presented as an OBA (Other Business Arrangement).

Ms. Bird asked if the policy could identify an earlier notice of sales to the beneficiaries. Mr. Lekas pointed out the Board receives the same notice for Board agenda items as the beneficiaries.

Mr. Cononelos asked if the agency felt the policy could include specific wording to comply with Ms. Bird's request. Director Carter felt it was important to avoid a situation in which the beneficiary could drive the procedure for a land sale. Dan Lofgren concurred that the interest of the beneficiaries is already established.

Mr. Lekas suggested that the policy be amended to require at least two board presentations before board action that would address both staff and beneficiary concerns.

A response to the policy recommendations will appear on the agenda of the May Board meeting.

b. Emery County Land Exchange Proposal

Mr. Andrews mentioned recent discussions of county land bills in Iron and Emery County. The Board enacted a policy instructing staff to work with counties to prepare for potential wilderness designation through a land exchange process. The policy clearly defined that the Board would be opposed to any exchanges that captured school trust lands unless a plan included a way for trust lands to be traded out of wilderness areas. San Juan and Emery Counties offer some fabulous landscapes, which also include a large land base that does not generate significant amounts of money for the trust. At the same time, there is interest in protecting the areas for nature conservancy.

Mr. Andrews mentioned the agency is following policy enacted years ago. There has been push back from counties and Senator Lee to involve the state legislature in county land bills. Legislation passed in the 2012 general session defined a requirement for the county seeking a negotiated land bill to present the bill to the state legislature before presenting the bill to congress. Counties will compile a report similar to an economic impact statement defining resources and impact.

San Juan County has backed away from a land bill for the time being. Emery County determined, based on county level work they have completed in the last three to four years, they are going to push forward with a county land use bill to create a set of wilderness and natural conservation areas.

The San Rafael Swell and Desolation Canyon along with smaller areas in Labyrinth Canyon make up about 100,000 acres impacted by designation. The agency has been working with Emery County to put together potential land exchanges. The agency sees it as the exchange likely to happen next between counties and

4. Director's Report (Cont'd)

b. Emery County Land Exchange Proposal (Cont'd)

SITLA. The agency could potentially gain minerals in San Juan County, potash near Moab, oil and gas in Green River, and some uranium properties in Emery County.

Mr. Ray Peterson presented a perspective on the land exchange from Emery County's point-of-view. He pointed out that two-thirds of the 100,000 acres are wilderness study areas. The trade would make lands available for economically viable opportunities.

Mr. Jeff Horrocks expressed appreciation for working with SITLA staff to protect trust lands and generate economic opportunities for Emery County.

c. **Hill Creek Update**

John Andrews reported that the Hill Creek exchange is a bill designed to give the agency the right to relinquish mineral rights and exchange the land for other non-federal, non-Indian land. A 1955 statute allowed for the relinquishment.

In 1960, the legislature sold surface rights to the reservation. The Tribe maintains the Grand County area of the reservation as a wildlife area. The HR4027 intent is to correct a BLM interpretation of 1955 statute. An existing intent letter to the Tribe defines how oil and gas development will benefit the Tribe through a negotiated split of revenues when the agency releases land for mineral development.

There was a hearing on March 20, 2012, in Washington D.C. Objections raised at the hearing did not receive voiced support by Congress. Mr. Andrews will talk in more specifics with individuals upon request. The agency has a good working relationship with the Tribe and they are actively interested in seeing the transaction move forward. The Tribe testified in favor of the bill at the hearing.

d. **Sage Grouse Listing Status**

Director Carter updated the Board on the agency involvement in Sage Grouse planning for the state. The planning efforts hope to allow the Fish and Wildlife Service to determine there is no need to list the species to protect it. The committee is likely to present a statewide solution rather than a range-by-range response. The Sage Grouse Listing Status Committee meets again on April 16. The Sage Grouse report continued in closed session to discuss pending litigation along with other agenda items identified for closed session.

Lofgren/Ure. Unanimously approved.

"I move that the Board go into closed session for the purpose of discussing pending or reasonably imminent litigation and to discuss the purchase, exchange, lease, or sale of real property."

Roll Call:

Mike Brown – yes	Dan Lofgren – yes
James Lekas – yes	Mike Mower – yes
Dave Ure – yes	Louis Cononelos – yes

4. Director's Report (Cont'd)

e. Kanab City Zoning Dispute with Special Use Lessee

This agenda item was heard in closed session to discuss pending litigation.

f. Proposal to Acquire /Develop Agency Office Building

This agenda item was heard in closed session to discuss purchase, exchange, lease, or sale of real property.

Upon motion by Mr. Lofgren, seconded by Mr. Cononelos, the Board returned to open session at 11:18 a.m.

Amangiri Resort Additional Land Acquisition

This item was removed from the Consent Calendar for discussion.

Lofgren/Cononelos Unanimously approved.

"I move that the Board remove item 5. b. "Amangiri Resort Additional Land Acquisition" from the Consent Calendar for discussion."

Roll Call:

Mike Brown – yes	Dan Lofgren – yes
James Lekas – yes	Mike Mower – yes
Dave Ure – yes	Louis Cononelos – yes

Director Carter addressed three parts of the proposed acquisition related to additional land purchases by Amangiri. The proponent would like to close the acquisition by the end of the month. Therefore, Director Carter proposed moving forward with two acquisitions based on the Board concurrence in the sale provisions of the agreement, understanding that the Board does not concur on the lease parcel and wants to discuss further the lease portion of the transaction.

Dan Lofgren made the motion to approve the Amangiri transaction as proposed including the sale of two parcels described, but suspending any action on the lease withdrawal for further discussion. The motion was approved.

Lofgren/Ure Unanimously approved.

Roll Call:

Mike Brown – yes	Dan Lofgren – yes
James Lekas – yes	Mike Mower – yes
Dave Ure – yes	Louis Cononelos – yes

John Andrews briefly addressed the lawsuit filed by Rocky Mountain Power in Federal Court with the Board members. He reported that the legal staff will respond to the lawsuit.

5. Consent Calendar

a. OBA Non-Competitive Gilsonite Lease of Trust Lands in the Willow Creek Gilsonite Area of Uintah County

No comments

5. Consent Calendar (Cont'd)

b. Amangiri Resort Additional Land Acquisition

This item moved from the Consent Calendar for additional discussion as presented above.

c. Coral Canyon Town Center I Tenant Lease Extension with an Option to Acquire Equity Interest

No comments

Notification

d. There were no items presented for notification.

Follow-up after Six Months

e. There were no follow-up items for this meeting.

Upon motion by Mr. Lofgren, the Board adjourned at 11:25 a.m.

ADJOURN